

<b>MARICOPA COUNTY BOARD OF SUPERVISORS MINUTE BOOK</b>
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**SPECIAL CSA SESSION  
February 15, 2007**

The Maricopa County Board of Supervisors convened at 10:30 a.m., February 15, 2007, to attend the County Supervisors Association and Legislative Policy Committee Board of Directors meeting, held at 1905 W. Washington, Phoenix, AZ, with the following Maricopa County Supervisors present: Andrew Kunasek, Vice Chairman, District 3, Don Stapley, District 2, and Mary Rose Wilcox, District 5. Absent: Fulton Brock, Chairman, District 1 and Max Wilson, District 4. Also present: Fran McCarroll, Clerk of the Board and Victoria Mangiapane, Deputy County Attorney.

**WELCOME AND APPRECIATION**

President Matt Ryan welcomed everyone to the meeting.

**APPROVAL OF MINUTES**

Penny Adams acknowledged a quorum was present. Supervisor David Snider moved to approve the minutes from the January 25, 2007 CSA Board of Directors and Legislative Policy Committee meeting and the minutes from the February 9, 2007 Legislative Policy Committee meeting. Supervisor Manny Ruiz seconded the motion and the motion passed.

**LEGISLATIVE POLICY COMMITTEE DISCUSSION**

CSA Update. Craig Sullivan commented there were posters available for supervisors to take with them of all legislators with their photos; CSA had partnered with the League of Arizona Cities and Towns to produce them. Craig reported the CSA bills were on track. The budget process has been moving along with review of the agency recommendations and comparing the Governor's recommendations with the Joint Legislative Budget Committee's recommendations. CSA continues to monitor the HURF situation in the budget. The elected official salary bill (H.B. 2102), an AACo bill, passed the House committee last week; Representative Konopnicki is the sponsor of the striker amendment (it was originally a Senate bill). House bill 2713, regarding railroads acquiring rights of way, would mandate counties to provide a public hearing when a railroad acquires new property for rights of way purposes. Supervisors will be taken out of the public hearing process and the Arizona Corporation Commission will most likely become responsible to hold a hearing. Senate bill 1026, regarding mandatory sentencing for an extreme DUI, died on the Senate floor because it was amended to allow an offender to go to treatment as opposed to jail. That language related to extreme DUI is now a striker on S.B. 1252.

Craig reported there is good collaboration between Maricopa County and the League on S.B. 1556, county islands. He noted a legislative blue ribbon study committee on transportation has been charged to bring recommendations to the legislature next year that would identify accelerated transportation activity and resources necessary to fund them; the legislature would then be asked to refer those recommendations to the ballot. Craig noted a bill heard this morning would ban contract public entities from contracting to serve as legislative liaisons or lobbyists. House bill 2656 would cap the levy for flood control and library districts. Maricopa County last year passed a voluntary cap on their districts and is considering doing the same for this year. The bill died in Ways and Means this week, however, as there could be an effort to bring it back, CSA continues to talk to legislators. Supervisor Lenore Stuart asked if there were a Senate resolution on this. Craig said he would check on it.

Supervisor Andy Kunasek said it was noted by a publication that Maricopa County has more registered lobbyists than there were legislators and are being criticized for it. He said most of those registered are

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staff, such as chiefs of staff and department heads, who are often called upon to testify at the legislature. He noted that out of 87 registered, four were paid lobbyists; the remainder was department heads or experts in a field for Maricopa County. Craig stated there will be a strike to SCR 1016 this morning in committee regarding this. Supervisor Carol Springer said this is a serious issue that should be addressed in legislation. She said there is a national effort to make this a ballot issue in 2008 in states to eliminate government lobbying. She said concerns need to be addressed at the state legislative level in order to avoid an Arizona initiative. She noted that all government departments at some point have to interact with legislators.

Property Tax Policy. Craig noted this issue was discussed at the Legislative Policy Committee (LPC) meeting last week, and is being revisited. It is an issue that is often referred to as like Prop. 13, which was a California initiative that severely restricted the growth in residential property values. He noted there are a few referenda in the legislature that have addressed Prop. 13 like limitations. He said it is unclear they will continue to move, but it is worth discussing to see where counties are on these types of policy. If they don't pass this legislative session, then they will arise next session.

Mark Barnes said SCR 1011 would forward the question to the ballot of proposing freezing residential property values at the 2008 level until the house is sold, then the property would be put on the tax rolls at the sales price. A PowerPoint presentation illustrated an example of the rate of taxes owed at the current law rate versus the value freeze rate would be more over a four-year period. The constitution currently has a 10 percent growth cap that limits the year to year growth in taxable value of the house. Mark stated the tax base is made up of all the classes of property, with residential being a considerable portion of it. This legislation could result in a county raising the tax rate higher than it otherwise would in order to collect the necessary revenue. Raising the tax rate shifts the burden of taxes to the business and agriculture classes.

In response to Supervisor Kunasek's inquiry, Mark stated that ATRA is opposed to anything that takes a class of property and treats its value different from the market value. Supervisor J. R. DeSpain commented that Senator Flake indicated last night that Arizona still allows for a homeowners rebate of about 35 percent. Supervisor David Snider added there are also the widowers and handicap provisions, along with a senior freeze for those over 65 years old. He said there is an income threshold, but it freezes the property value for a three year period and is renewable. He questioned what value is used when a house is built after 2008, and whether this legislation is moving.

Mark noted that this legislation does not have legs, but counties need to address it because it is coming up in other legislative discussions. In response to Supervisor Snider's question on new home construction after 2008, Mark replied he would research it. Ron Walker said in predicting a decline in market values, if the valuation goes down under the current law, does the freeze really mean a freeze. Mark replied that has not been addressed. Supervisor David Tenney said that in discussions last night in the Small County Caucus they wanted to oppose this so he moved to oppose it. Supervisor David Snider seconded the motion and the motion passed. President Ryan stated that due to time constraints on Herb Guenther's schedule, legislative items will be revisited after the SWAG proposals presentation.

**SWAG PROPOSALS PRESENTATION**

Herb Guenther, Director of the Arizona Department of Water Resources, gave a presentation on water issues, including the Statewide Water Advisory Group (SWAG). Mr. Guenther stated that Arizona has

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water just not where it is needed, particularly in rural Arizona. Surface water is appropriated first in time, first in right. Groundwater is not appropriated; there is an equal right now and in the future. There were legal battles over water rights and the Groundwater Management Act was established in 1980, which created active management areas (AMAs). Within an AMA, must demonstrate there is an assured water supply; outside an AMA, must have an adequate water supply. An assured water supply in an AMA means there is a 100 year supply; without a 100 year supply, no development can be done. Outside of an AMA an adequate water supply still has the same standard of a 100 year supply, but if an adequate water supply cannot be demonstrated, development can still occur with notice to the first buyer.

Critical areas of concern are in Mohave County, Verde Valley, the Upper San Pedro and the Mogollon Rim and Coconino Plateau. SWAG was established to develop specially designed management areas to fit the needs of the basins of concern and to provide a source of funding that would allow expansion of existing water budgets. SWAG has 52 members across the state and holds public meetings across the state to gather input from stakeholders and then to take those ideas to the public for their input as well. SWAG bills are S.B. 1575 / H.B. 2693, S.B. 1577 / H.B. 2692, and S.B. 1638 / H.B. 2484. House bill 2693 / S.B. 1575 would be permissive for counties to adopt the authority to refuse development if an adequate water supply is not demonstrated. Senate bill 1575 was amended in the Senate yesterday to require a unanimous vote by the board of supervisors. Under S.B. 1577 / H.B. 2692 they are looking at funding sources to assist rural communities to augment water supply.

Under S.B. 1638 / H.B. 2484 includes all wells outside an AMA and exempt wells within an AMA. Colorado River water is shared and has been over appropriated. The Secretary of the Interior is looking at the lower basin states, Arizona, California and Nevada, to determine when to declare a shortage to the lower basins. An agreement has been reached with the final seven basin states.

Supervisor Tom Thurman said that Prescott has an AMA and a lot of municipalities don't believe it's fair they have to expend funds to get to 2025 and exempt well owners do not; he asked what ADWR's opinion is on exempt well owners not contributing. Mr. Guenther said of the 97,000 exempt wells in Arizona, 20,000 are in Yavapai County. He said the biggest issue with exempt wells is that it is unknown how much they actually use. There is a subcommittee under SWAG to look at exempt wells.

In response to Supervisor Thurman's question on the use of meters on new wells in the future, Mr. Guenther replied he doesn't see that happening since it would be a logistical nightmare to read, report and maintain them. Supervisor Thurman questioned what happens in 2025 after millions are expended to get in the safe yield and it doesn't occur. Mr. Guenther noted it will be difficult to get in the safe yield in 2025. Supervisor Thurman questioned if there would be a fine to municipalities if they don't get into the safe yield by 2025. Supervisor Snider said he would recommend support of the bills coming from SWAG. He noted there is an attempt to sweep the department's budget back to the 2003 funding level and would encourage supervisors to support the restoration of those funding levels.

Supervisor Liz Archuleta said that Coconino County testified yesterday in favor of these bills and she has served on SWAG alongside Supervisor Snider. She moved to approve the SWAG bills (S.B. 1575/H.B. 2693, S.B. 1577, now S.B. 1608 through a strike everything/H.B. 2692, S.B. 1638/H.B. 2484, HJR 2001 / SJR 1001). Supervisor Lenore Stuart seconded the motion. Supervisor Springer cautioned about the adequacy bill language dealing with health and safety issues. She said she believes there is a potential conflict with Prop. 207 and doesn't believe that discussion has taken place in committees yet. Mr. Guenther said they are aware of that and that is why that statement is in the bills and they have additional

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lawyers and staff for that purpose. Supervisor Springer said the bottom line is that we are attempting to change the basic groundwater law to first in time, which is the surface water law.

Supervisor David Brown said he sits on SWAG, but he is not willing to support the current version of the funding bill because it is not tied to the adequacy bill. He said the package needs to be all tied together. Supervisor Archuleta said technically the two are tied together, even though Supervisor Brown points out the funding is not there right now. President Matt Ryan called for the vote by roll call by county after the initial voice vote was too close to call. Before voting, Supervisor Gene Fisher asked Herb Guenther if he supported the bill in its current form and Mr. Guenther replied he did. The vote resulted in 10 nays, nine yes. Due to the split vote, Supervisor Archuleta withdrew her motion and moved to substitute a motion to monitor the SWAG bills. Supervisor Stuart agreed to withdraw her original second and seconded the monitor motion. Supervisor Palmer clarified that the nays were not opposing the bill, but were just not ready to approve until some things were tweaked, so monitoring is a good idea. The motion passed.

Todd Madeksza reported there are three bills regarding copper or scrap metal. Senate bill 1530 would appropriate \$174,600 to the Attorney General's office to investigate metal theft. House bill 2314, sponsored by Representative Weiers and brought forth by APS, deals with metal theft in general. A person buying metal must fulfill requirements. House bill 2646 would institute a licensing department inside the mine inspector's office. No hearing yet on H.B. 2646 and it does not have an appropriation. Supervisor Mary Rose Wilcox said that this is a huge problem and moved to support S.B. 1530 and H.B. 2314. Supervisor Richard Lunt seconded the motion and the motion passed.

H.B. 2381 accommodation schools. Craig noted this was discussed at last Friday's LPC meeting and brought back for an update. Supervisor Stapley reported that the legislature brought forward this legislation. It grandfathered in the requirement that if a board of supervisors contributes money to an accommodation school, the superintendent of schools or the governing board must enter into an IGA. And, secondly, it creates a governance school board that mirrors the board of supervisors and is appointed by the board of supervisors. He noted a number of school superintendents are supportive of this because they have been uncomfortable being the single person in the governing school board for an accommodation school district. The bill passed the House Higher Education committee 7-1 this week.

Craig noted there is concern on forest fee monies given to accommodation school districts. CSA has worked with the Auditor General's office to get that squared away with the federal government; however, there is some concern that the language as drafted would impact that situation. After talking with the Auditor General's office, they will speak with the federal administration in order to verify for us whether the existing IGA process is satisfactory or if it needs clarification. Supervisor Stapley said they will work on that, also. Supervisor Thurman said his county school superintendent is not happy with this legislation and thought it should apply to counties over 500,000. He said they can't get enough people to volunteer for school boards. He suggested changing to a specific population or change the language to "may" instead of "shall."

President Ryan said his school superintendent is opposed to it, his board has been evaluating it, and his board would like more time to talk to their school superintendent board. He commented his board may have a problem with a change in the population because they do have an accommodation school. He suggested delaying a position on it until counties have a chance to speak with their school superintendents. Supervisor Stapley noted he didn't see how a school superintendent could defend a one person governing board when no other school district board in Arizona consists of only one person. He

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said the legislature is running the bill not Maricopa County, but if counties want to narrow it to apply to only Maricopa County, they could.

Supervisor Shirley Dawson said she fully supports accommodation schools, but she agreed with Supervisor Stapley in that a single member governing board has no accountability, whereas a three-member board could. Supervisor Kunasek suggested changing the governing board to include the board of supervisors plus the school superintendent. Supervisor Stapley said their school superintendent wants to supplement state money with county funds, and they just need to come to an agreement. He said the accountability needs to be broadened; it has turned into a multimillion dollar problem. He said he doesn't see a problem in making it permissive for small rural counties.

Supervisor Thurman suggested using "or," if it wasn't possible to obtain a three member board. Supervisor Stuart commented their school superintendent is concerned, and she would support the accountability. Supervisor Manny Ruiz commented that Santa Cruz County has similar issues and he supports Maricopa County's intent. President Ryan stated CSA would continue to monitor the bill which would allow time for supervisors to speak with their school superintendent. Supervisor Wilcox suggested picking three people from existing school boards to be on the governing board.

H.B. 2196 retiree health insurance; rural subsidy. Dennis Miller said that Representative Konopnicki has been a champion on this legislation. The bill was going to be held in Public Institutions & Retirement, but Konopnicki was successful in getting it withdrawn. It is now scheduled for Appropriations and Rules. Support from CSA and AACo is being sought. Dennis reported that four years ago the rural subsidy went away because PacifiCare offered the PPO in rural Arizona for approximately the same amount of money as the HMO. At renewal time for rural Arizona, the premium had increased 45 percent and the deductible was \$1,000 on the PPO. A Rural Retiree Healthcare Consortium, which consists of small, self-funded pools, and smaller counties and cities, will conduct a study to be performed by Buck Consulting. Supervisor Jim Palmer moved to support H.B. 2196. Supervisor Dawson seconded the motion and the motion passed.

**GOVERNOR'S GROWTH CABINET REQUEST**

Craig noted a letter in the agenda packet is from the Governor's office asking counties for recommendations for the Governor's Growth Cabinet. The Governor had convened agency heads related to growth to devise a plan on growth, which is a signature item for the Governor's administration this year. There is a deadline of February 23 to submit our recommendations. CSA has met with county planners and managers and will provide a draft for circulation to the CSA board for input. Since the CSA board will not meet again prior to the deadline, CSA recommends aggregating the input to review with the CSA executive committee and then present it to the LPC the morning of February 23 for final review and approval. The recommendations would then be presented to the Governor's Growth Cabinet the afternoon of February 23. Items being discussed so far are transportation and water, with the planners needing clarification for the loss of rights of way. Hearing no concerns, President Ryan noted there was consensus with the proposed process through the executive committee and LPC.

**COUNTY CAUCUS REPORTS**

Supervisor Jim Palmer reported that Graham County hosted the Small County Caucus last evening. In attendance were Representatives Konopnicki, Brown, Alvarez, and Burns, Senator Flake, and Brent

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Brown, along with good attendance from county representatives. Discussion was held on the retiree health bill and Title 34 and there seemed to be approval on both; Craig Sullivan, Beth Lewallen, and President Ryan provided a CSA legislative update.

Supervisor Liz Archuleta noted at the Medium County Caucus meeting held this morning discussion was held on water legislation and having to bid out public works maintenance projects. They also discussed how to further engage legislators beyond the breakfast meetings held with legislators at the capitol. They discussed ideas on how to advocate how to visit with legislators as a medium county caucus, with the thought that would be more powerful as a group than individual supervisors meeting with legislators.

Supervisor Don Stapley noted that NACo moved offices last week. He encouraged counties to go to the open house during the NACo Legislative Conference in early March and encouraged counties to attend the conference. He said NACo is monitoring the federal budget closely and there are some concerns. He noted that Senator McCain has agreed to speak at the conference. He provided a reminder that the NACo annual conference will be held in Richmond, Virginia, this summer.

Supervisor Archuleta said the NACo Public Lands Steering Committee encourages counties to send letters to our Senators to ask them to sign onto the emergency supplemental letter that would go to leadership asking for a one year extension of the Secure Rural Schools Act that supports schools and roads. There are also some bills that would reauthorize the funding for an additional amount of time. She will provide an e-mail with a draft letter and who to send it to.

**OTHER BUSINESS**

President Ryan welcomed Representatives Kavanagh and Nelson. Todd Madeksza said that Representative Nelson is in attendance to talk about Title 34 and has brought his staff analyst, Thomas Adkins. Todd explained that the proposal on Title 34 raises the penalties for two years and makes it a tier system. That part would sunset in two years. He said the remainder of the proposal is session law that says the legislature understands that the three groups will get together to collect data on what counties are spending for road construction efforts to put into a uniform format. He said collecting the data is a positive move to show there are no violations in counties. He thanked Representative Nelson for his leadership throughout this process.

Representative Nelson thanked Todd and the League. He said they have a good study effort going on and will look at data from the first year as a midway study point. He thanked Supervisor Tenney for attending the meetings and asking salient questions. Todd added that many counties don't have the resources Maricopa County does and it's putting a burden on those counties to collect this data that is disproportionate and uncalled for. Data is to be collected twice a year and CSA is willing to work with the counties so as not to be a burden to counties. CSA can sort through the data with the League and the AGC.

Supervisor Richard Searle stated he feels the Title 34 issue is poor public policy and he doesn't want to wait two years to address this again. President Ryan noted that as data comes in, we'll be able to validate there have been no violations. He asked Representative Nelson to comment on the market and how as time goes on the cost of projects increase. Representative Nelson said he doesn't think the market plays a role. He said prices will go up or down with the market, and budgets will go up or down with revenues and the economy. He said a county will have a set budget for capital items and a set budget for

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expenditures. He said the workload would be determined by what projects there are and what needs to be done. He noted it would vary in some years. He said the complaint is that counties aren't bidding out enough of their work. He said the projects in the budget and the projects completed at the end of the year would be compared. He said two years is reasonable as one year might not provide enough data and they need to review enough data in order to satisfy the complaints.

Supervisor Tenney said for the most part he agrees with Supervisor Searle, however, to go forth with other legislation would be counterproductive and legislators would view it as a spitting match; the group had felt it would be better to continue as they were. He said they feel the data collected after two years will show no violations and then we could make necessary changes to Title 34. President Ryan thanked Representative Nelson for allowing counties to come to the table to present our side. Supervisor Tenney moved to support the Title 34 memorandum of understanding. Supervisor Lunt seconded the motion. The motion passed with Cochise County Supervisor Searle opposed.

President Ryan welcomed Representative McLain. He invited all legislators in attendance to stay for lunch following the meeting.

**MEETING ADJOURNED**

There being no further business, the meeting was adjourned at 12:21 p.m.

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/s/ Fulton Brock, Chairman of the Board

ATTEST:

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/s/ Fran McCarroll, Clerk of the Board